

**FEDERAL COURT**

BETWEEN:

**UNITED AIRLINES, INC.**

Plaintiff

– and –

**DR. JEREMY COOPERSTOCK**

Defendant

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**DEFENDANT / MOVING PARTY  
REPLY**

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Dated: November 17, 2014

**DR. JEREMY COOPERSTOCK**

392 Grosvenor Avenue

Westmount, Québec H3Z 2M2

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Defendant / Moving Party

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**Solicitor for the Plaintiff,  
United Airlines, Inc.**

**FEDERAL COURT**

BETWEEN:

**UNITED AIRLINES, INC.**

Plaintiff

– and –

**DR. JEREMY COOPERSTOCK**

Defendant

**REPLY OF THE MOVING PARTY, DR. JEREMY COOPERSTOCK**

1. The Federal Court of Appeal held that the defence of abuse of process, which was pleaded by the Defendant, is available in infringement lawsuits:

However, the procedural defence of abuse of process knows of no legal barrier in the sense that its application is not limited to the field of criminal law, but extends to other fields such as civil, constitutional or administrative law. There is nothing to prevent its application to an infringement lawsuit.

***Levi Strauss & Co. v. Roadrunner  
Apparel Inc.*, 1997 CanLII 5596 (FCA)**

**Defendant's MR, Tab 9**

2. The question underpinning the present motion is whether the undisclosed email of Mr. Wittig (stating, in reference to the Defendant's website, that "We're working on shutting it down.") is relevant to the defence of abuse of process pleaded by the Defendant, that is, whether it may assist the Defendant in demonstrating that the present action is an abuse of process. Whether the Defendant will ultimately succeed in establishing this defence is a matter for the trial, and is beyond the scope of the motion.

**A. PRELIMINARY MATTER: THE PLAINTIFF MISQUOTES THE CASELAW**

3. The Plaintiff erroneously attributes the content of paragraph 29 of *Tractor Supply* to the findings of the Court (paragraph 12 of Written Representations), while it is actually the position of the Plaintiffs in that case. The Court's analysis starts only at paragraph 61. Paragraphs 18-60 of *Tractor Supply* are under the heading "Arguments," where the Court summarized the positions of the parties. Paragraph 29 in question appears under the subheading "Plaintiffs," and leaves no doubt that it merely quotes the submissions of Tractor Supply:

[29] Further, Tractor Supply distinguishes the procedural defence of abuse of process from the tort of abuse of process. [...]

[Emphasis added.]

***Tractor Supply Co. of Texas, LP v. TSC Stores LP*      United's RR, Tab 6**  
**2009 FC 154, para. 29**

4. The Plaintiff also misstates the law at paragraph 13 of its Written Representations. The Court did not find in *Tractor Supply* that a request for compensation was a necessary element for the tort of abuse of process.

5. With respect to the the defence of abuse of process (that is, using it as a shield and not as a sword), Justice Russell held that:

[68] In so far as TSC is raising procedural abuse, it is merely saying that Tractor Supply's claim should be dismissed because it is not really about trade mark infringement. I see nothing wrong with such an allegation and it will be examined and resolved as part of the proceedings. Hence, I do not see any problem with Prothonotary Milczynski's decision in so far as it deals with procedural abuse.

[Emphasis added.]

***Tractor Supply Co. of Texas, LP v. TSC Stores LP*      United's RR, Tab 6**  
**2009 FC 154, para. 68**

**B. THE UNDISCLOSED EMAIL OF MR. WITTIG IS RELEVANT**

6. Defendant has properly pleaded the elements of the defence of abuse of process, including the allegation that the predominant purpose of the present litigation is to coerce the Defendant to shut down his website, and not to protect the intellectual property rights of the Plaintiff. Indeed, paragraphs 59-64 of the Amended Statement of Defence in the present case are similar to paragraphs 66-71 of the statement of defence cited at paragraph 13 of *Tractor Supply*.

<b>Amended Statement of Defence, paras. 59-64</b>	<b>Defendant's MR, Tab 3</b>
<b><i>Tractor Supply Co. of Texas, LP v. TSC Stores LP</i></b>	<b>United's RR, Tab 6</b>
<b>2009 FC 154, para. 13</b>	

7. The Plaintiff's denial in the Statement of Claim of its intention to shut down the Defendant's website only demonstrates that the intentions of the Plaintiff with respect to the Defendant's website is a question of fact separating the parties. This question is legally relevant to the defence of abuse of process, because having a "collateral, extraneous, ulterior, improper or illicit purpose" supports such a defence.

<b><i>Levi Strauss &amp; Co. v. Roadrunner</i></b>	<b>Defendant's MR, Tab 9</b>
<b><i>Apparel Inc.</i>, 1997 CanLII 5596 (FCA)</b>	

8. As the Plaintiff correctly acknowledged at paragraph 17 of its Written Representations, the test for relevance is whether a document may directly or indirectly advance one party's case or damage that of the other party.

9. The undisclosed email of Mr. Wittig meets this test, because it confirms that, contrary to the Plaintiff's pleadings, the Plaintiff is seeking to shut down the Defendant's website; this, in turn, may directly or indirectly damage the Plaintiff's case and assist the Defendant to establish, at trial, the defence of abuse of process as pleaded.

10. Finally, as for paragraph 15 of the Plaintiff's Written Representations: since the Plaintiff failed to disclose the incriminating email of Mr. Wittig until after all preliminary motions were determined in the Quebec proceeding, the Quebec courts have not had an opportunity yet to review this email.

**C. CROSS-EXAMINATION ON AFFIDAVIT OF DOCUMENTS**

11. As a preliminary matter, it is improper for the Plaintiff to challenge the Defendant's pleadings at this stage since the Plaintiff did not bring a motion to strike. Furthermore, pleadings with respect to abuse of process similar to paragraphs 59-64 of the Amended Statement of Defence were held to be sufficient in *Tractor Supply*.

12. Cross-examination on affidavit of documents is a remedy that is available if specific documents have been overlooked or if it appears that many documents have been withheld, although it may not be clear which ones.

***Havana House Cigar & Tobacco Merchants Ltd. v. Defendant's MR, Tab 7 Naeini*, 1998 CanLII 7605 (FC), para. 20**

13. Contrary to paragraph 20 of the Plaintiff's Written Representation, the uncontradicted evidence is that the undisclosed email of Mr. Wittig is a specific document that is relevant, and which has been overlooked. The existence of this email is not speculation, but rather an undisputed fact.

14. The Plaintiff professed no evidence to explain why this document was not produced in the present proceeding. The fact that Mr. Witting's email was not produced, combined with the Plaintiff's position with respect to relevance on the present motion, demonstrates that Plaintiff conducted an excessively narrow search, and failed to comply with its disclosure obligations.

15. The present motion seeks remedies for the Plaintiff's failure to comply with its ongoing duty of disclosure pursuant to Rule 226(1) based on new facts that came to light after the July 3, 2014 Order of Prothonotary Morneau. Neither these new facts nor the remedies sought could have been before the Court previously due to the Plaintiff's conduct. The Plaintiff's *res judicata* argument at paragraph 22 of its Written Representations cannot succeed in these circumstances, because it would render Rule 226(1) unenforceable and Rule 227 meaningless. Indeed, the Court retains jurisdiction to correct injustice caused by the failure of a party to comply with the rules.

**D. FURTHER DISCOVERY**

16. Rule 235 substantially differs from Rule 465(19), discussed in *Taylor v. Canada*, cited by the Plaintiff. The old Rule 465(19) required "special reason in an exceptional case" for further discovery. This phrase was subsequently removed, and does not appear in Rule 235.

***McLeod Lake Indian Band v. Chingee*, 1998 FC  
683, para. 18**

**Tab 1**

17. It is common practice that production and discovery go hand in hand. In cases where discovery has not fulfilled its intended purpose because of the manner, timing, or volume of the documents disclosed, it is normal to order a further examination for discovery with respect to the documents that were disclosed later.

***Cae Machinery Ltd. v. 29598505 Québec Inc.*, 2000  
CanLII 14824 (FC), para. 13**

**Tab 2**

18. Examination for discovery is conducted largely on the basis of available documents. In the case at bar, the Plaintiff thwarted the discovery process by

deliberately withholding or not searching for documents related to abuse of process, and is now attempting to benefit its failure to comply with its obligations. It is thus in the interest of justice to permit further examination with respect to undisclosed documents, and any follow-up questions within this scope.

19. There were genuine concerns in the initial examination of Plaintiff's representative regarding Mr. Wilson's credibility, stemming from the delay of the examination, six weeks after it had originally been scheduled. The questions, which the Plaintiff has taken out of this context, were not related to Mr. Wilson's religious beliefs, as claimed in paragraph 26 of the Plaintiff's Written Representations, and a simple answer to any of them would have allayed these concerns. In any event, questions as to the credibility of its representative do not provide Plaintiff with a license to evade obligations of disclosure.

#### **E. Costs**

20. The Defendant submits that the Plaintiff cannot claim costs incurred as a result of its counsel's failure to act cooperatively with the opposing party, as instructed by Prothonotary Morneau in his Order of January 23, 2013. Regardless of the final determination of relevance of the withheld document, the conduct of the Plaintiff's counsel in ignoring Defendant's repeated requests for an updated affidavit of documents should preclude any award of costs to the Plaintiff.

21. The Plaintiff has provided no explanation as to why its counsel did not respond in any way to the three letters sent by the Defendant between September 12 and October 3, 2013, should the Plaintiff have required further particulars concerning the Defendant's request.



22. Although it is possible that the Plaintiff's counsel was not initially privy to Mr. Wittig's email, this document was provided to Me D'Iorio on September 12, 2014, and described in the Defendant's supplemental affidavit of documents as "Email between Mr. Jeff Wittig and Ms. Sandy Rodriguez, June 16, 2012", file #11810, corresponding to entry #17 in the affidavit of documents.

**Affidavit of Dr. Cooperstock**

**Defendant's MR, Tab 6F**

**ALL OF WHICH IS RESPECTFULLY SUBMITTED.**

November 17, 2014



**DR. JEREMY COOPERSTOCK**

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Defendant / Moving Party

*Indexed as:*

**McLeod Lake Indian Band v. Chingee**

**Between**

**Alec Chingee, Sharon Solonas, Tania Solonas, Elizabeth Solonas, and Patrick Prince in their capacity as Chief and Councillors of the McLeod Lake Indian Band, plaintiffs, and Harry Chingee, Victor Chingee, Gilbert Chingee, the Minister of Indian and Northern Affairs, and the Attorney General of Canada, defendants**

[1998] F.C.J. No. 683

[1998] A.C.F. no 683

149 F.T.R. 113

80 A.C.W.S. (3d) 283

Court File No. T-2327-97

Federal Court of Canada - Trial Division  
Vancouver, British Columbia

**Hargrave, Prothonotary**

May 8, 1998

(11 pp.)

*Practice -- Pleadings -- Particulars -- Particulars which will not be ordered -- Discovery -- Order for examination for discovery -- Order for further examination.*

This was an application for better particulars and answers to questions on discovery. The applicant Chief and councillors brought an action against the respondents, Chingee and others, in relation to a disputed band election. The applicants alleged that they were elected in accordance to band custom. Chingee and the others denied the allegation. The Court dismissed an earlier application by the applicants for better particulars regarding the definition of band custom. The applicants wanted to compile a statement of issues to clarify the matters to be decided. They sought better particulars from Chingee and the others regarding the identical issue previously considered by the Court. The applicants also asked for answers from Chingee and the others on discovery relating to financial dealings by them.

HELD: The application was dismissed, in part. The applicants were not entitled to further particulars by virtue of issue estoppel. The parties were the same as in the earlier unsuccessful application. The

applicants were looking for the same material. They failed to show that they needed the particulars in order to understand the issues. They were entitled to answers on discovery from two respondents relating to financial dealings prior to the disputed election. The issue was relevant to the calling of the band election. It impacted upon the main action as well as a counterclaim brought by Chingee and the others relating to financial mismanagement by the applicants. The applicants were not entitled to a further examination of one respondent as his examination had concluded.

### **Statutes, Regulations and Rules Cited:**

Federal Court Rules, Rule 465(19).

### **Counsel:**

Christopher Harvey, for the plaintiffs.

Stan Ashcroft, for the defendants.

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**1** HARGRAVE, PROTHONOTARY (Reasons for Order):-- These reasons deal with Plaintiffs' motion for further and better particulars and for answers to various discovery questions in an action between competing factions for the positions of chief and councillors of the McLeod Lake Indian Band.

### **FURTHER AND BETTER PARTICULARS**

**2** The Plaintiffs, in the present motion, refer to two requests, 29 January and 2 February 1998, for further and better particulars. The identical particulars now requested were among those sought and denied on a motion heard 9 February 1998, following which, at the request of counsel for the Plaintiffs, I gave reasons on 10 March 1998. Further, on appeal, resolved by an Order and brief Reasons of 24 March 1998, Mr. Justice Noël upheld that decision.

**3** My Reasons of 10 March 1998 were fairly concise. They did leave open the possibility that if the Plaintiffs continued to have problems understanding the issues they might, following completion of examinations for discovery, bring a further demand for particulars as was suggested in *Smith, Kline & French Laboratories Ltd. v. Lek Tovarna Farmaceutskih* (1985) 4 C.P.R. (3d) 257. There Mr. Justice Rouleau noted that the plaintiff was adequately able to plead without further particulars, would not be taken by surprise and knew what evidence it ought to prepare for trial:

"There is no doubt that at this stage of the proceedings the plaintiff is adequately able to plead without an answer to this further demand for particulars. It is fully aware of the nature of the case it must meet; it cannot argue that it will be taken by surprise; it knows what evidence it ought to prepare for trial and the issues are sufficiently defined. Particulars are for pleadings, not discovery." (p. 258).

Mr. Justice Rouleau concluded by dismissing the motion, but left the way open for a further application for particulars:

"Following discovery, should the plaintiff still be at difficulty to adequately prepare for trial, there is nothing to prevent it from bringing a further demand for particulars if it still feels it necessary." (loc cit.).

**4** The central issue, as was the case on the earlier motion and appeal, is the electoral custom of the

Band. The approach of counsel for the Plaintiffs, unsupported by any further material affidavit evidence, but on the basis of documents including discovery transcript, is that further particulars ought to be provided and the issues be narrowed, by way of a document called a statement of issues, dealing largely with band custom. I appreciate such a statement of issues might serve as a time saving device. However the material requested of the Defendants, in the statement of issues, is the same material sought and denied in the earlier motion for particulars, albeit in a different form and at a different time.

5 That a party may apply for particulars at a later stage in a proceeding, particulars for trial, does not mean the application will automatically succeed. In the Smith, Kline case (supra) the application for particulars for pleading was denied only because the plaintiff was able to adequately plead on the basis of its knowledge of the case at that point: the applicant had enough particulars for pleading and was not entitled to particulars amounting to examination for discovery, but might be entitled to apply for fuller particulars for trial at a later date. In the present instance, leaving aside that some appropriate particulars had been provided, there were substantive reasons why the Plaintiffs were denied particulars of the electoral custom of the Band. Here, the Defendants' plea of custom, in their defence, is a denial of an allegation by the Plaintiffs, in their statement of claim, that they were elected according to custom, an allegation the Plaintiffs must prove in order to succeed. In my reasons for the initial denial of particulars I referred, as my main reason for denying the motion, to *Weinberger v. Inglis* [1918] 1 Ch. 133 at 138, for the proposition that the traverse by a defendant, even a traverse in the form of a broad affirmative, does not give rise to a right to particulars, for it is up to the plaintiff to prove its case, not for the defendant to explain a denial.

6 The Defendants say the Plaintiffs cannot succeed for the issue of particulars, canvassed and decided 9 May 1998, is res judicata. Clearly the doctrine of res judicata applies to interlocutory matters. In support of this proposition counsel for the Defendants referred me to *Stamper v. Finnigan* [1984] 1 C.P.C (2d) 175, the initial issue being whether the rule of estoppel by res judicata applied to decisions on interlocutory applications. A basic argument to the contrary is that a decision on an interlocutory application is not final in the sense that the decision is interlocutory. Mr. Justice Deschenes, Chief Justice of the New Brunswick Court of Queen's Bench, in deciding that the estoppel doctrine applied to interlocutory decisions, referred at page 178 both to a Supreme Court of Canada decision and to a passage in *Sopinka and Lederman*, on Law of Evidence in Civil Cases as authority that an interlocutory decision may be final in nature:

"In the Supreme Court of Canada case of *Diamond v. Western Reality Co.* [1924] S.C.R. 308, [1924] 2 D.L.R. 922 (S.C.C.) however, the comments of Duff J. at pp. 315-316 [S.C.R.] are relevant:

'It is true that in a sense the decision was interlocutory; that is to say, the proceeding in which it was given was an interlocutory proceeding; but it was nevertheless a final decision in the sense that in the absence of appeal it became binding upon all parties to it' (underlining is mine).

I would adopt that view and hold that the rule of estoppel by res judicata applies to decisions on interlocutory applications.

I have also found some support for my views in the following comments contained in *Sopinka and Lederman*, Law of Evidence in Civil Cases (1974), at p. 367:

'Although the authorities are in conflict, it would appear that in Canada, a decision in an interlocutory application is binding on the parties at least

with respect to other proceedings in the same action.'".

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**7** The requirements of estoppel by res judicata, also referred to as estoppel by record and also as estoppel per rem judicatum, is broken down into two species. There is cause of action estoppel, preventing someone from bringing an action when the same cause of action has been determined in earlier proceedings and second, issue estoppel, involving a point or issue that has already been decided. In *Angle v. Minister of National Revenue* [1975] 2 S.C.R. 248, the Supreme Court of Canada referred, at page 254, to *Carl Zeiss Stiftung v. Rayner & Keeler Ltd. (No. 2)* [1967] 1 A.C. 853 at p. 935, for a definition of the requirements of issue estoppel:

"The requirements of issue estoppel still remain (1) that the same question has been decided; (2) that the judicial decision which is said to create the estoppel was final; and, (3) that the parties to the judicial decision or their privies were the same persons as the parties to the proceedings in which the estoppel is raised or their privies.".

In the present instance clearly the parties are the same. Whether the decision said to create the estoppel was final is a little more involved but has been thoroughly dealt with in *Stamper v. Finnigan*. Finally, there is the issue of whether the same question has been decided.

**8** In my reasons of 11 March 1998 I characterized the main issue, an issue not being one which I found already answered, or found to be a question of law, as what, in the view of the Defendants, constituted the Band custom as to elections. In the present instance the Plaintiffs motions for particulars, 4 February 1998, and the present motion, are identical. The Plaintiffs' statement of issues is, in a sense, an attempt to have the Defendants volunteer their positions first whether band elections are governed by custom, second, the terms of the governing custom, third whether the October 1997 election was in accordance with custom and finally, if that election deviated from custom, did the deviation result in the election being invalid. The statement of issues, by which the Plaintiffs seek to obtain the position of the Defendants, is similar, in the sense of sameness, to the particulars sought on both motions. In the light of my earlier decision on the point it would improper to require either particulars of custom or answers to the statement of issues now sought, for the Plaintiffs are estopped on the issue by reason of the Order of 9 February 1998 and the Reasons of 11 March 1998, together with the appeal of that Order which resulted, on appeal, in a 24 March 1998 Order and Reasons of Mr. Justice Noël.

**9** To the extent that the Plaintiffs take a slightly different approach in arguing the present motion for particulars and refer to new case law, (case law which in my view is distinguishable) the doctrine of estoppel by matter of record, or res judicata, applies not only to matters actually in dispute, but also to any point which a party might, with due diligence, have brought forward at the time of the previous hearing. This concept is based on the principle that there must be an end to litigation, even in the case of interlocutory wrangling, for motions, as with actions, ought not to be dealt with piecemeal, either motion upon motion or action upon action, for such amounts to an abuse: see for example *Borley v. Fraser River Harbour Commission* (1995) 92 F.T.R. 275 at 279.

**10** In reaching this decision, as to issue estoppel, I have considered but have not needed to deal with various of the Defendants' additional submissions, including that the Plaintiffs have filed no material to indicate a need for particulars by reason of difficulty in understanding the issues, and that the direct question as to band electoral custom has not been put to Harry, Victor or Gilbert Chingee on discovery. The latter submission may technically be so, however I have read substantial relevant portions of the discoveries of Messrs. Harry, Victor and Gilbert Chingee: certainly counsel for the Plaintiffs was able to develop a good deal of testimony as to band electoral custom and the view of those witnesses as to the legality of the October 1997 election, albeit with many inconsistencies. I turn now to Parts B, C, and

## ANSWERS TO DISCOVERY QUESTIONS

**11** The Plaintiffs attempted to examine the Defendant Band members on financial matters, including the building of a home for Gilbert Chingee and the transfer of very substantial amounts of Band money and assets, even up to the day before the disputed election. The Plaintiffs also wish to ask discovery questions of Harry Chingee, relating to documents produced on the discovery of Gilbert Chingee, showing various payments including payments to Gilbert Chingee, Harry Chingee, Sheila Chingee and Charles Chingee. The Plaintiffs say these questions are relevant because the Defendants, in their counter-claim, alleged the Plaintiffs called the October 1997 election in order to forestall the completion of an audit into the affairs of the Band and of its related enterprise Duz Cho Logging Ltd. In effect the Defendants say the Plaintiffs called the election for an improper purpose.

**12** The Defendants' position, as to the discovery questions, is first that if curtailment of the audit was the Plaintiffs' motive for holding an election, as set out in the Defendants counter-claim, surely the motive driving the Plaintiff to hold the election was that there might have been disclosure of financial improprieties on the part of the Plaintiffs. Thus the only relevant financial transactions are those related to the Plaintiffs and not to the Defendants. Second, and still dealing with financial questions, Defendants say the results of any audit are irrelevant as the Court earlier denied the Plaintiffs' request for a court-ordered forensic audit as irrelevant to the litigation. Third, as to questioning Harry Chingee on documents produced during the discovery of Gilbert Chingee, the Defendants submit that the discovery of Harry Chingee has been concluded.

**13** As to discovery of the Defendant Band members, the issue of the audit, as curtailed by reason of the election, is raised not only in the counter-claim, but also in the Plaintiffs' defence to counter-claim. In the former it is an allegation that the Plaintiffs wished to forestall an independent audit undertaken by the Defendants in order to examine the affairs of the Band and of Duz Cho Logging Ltd. In the latter, the Plaintiffs say the audit was not one done by a qualified and competent chartered accountant, that the auditor's report was flawed and that it resulted in the unnecessary appointment of a receiver-manager, a cost which the Plaintiffs, as Chief and Councillor of the Band wish to recover from the Defendants as former Chief and Councillors.

**14** A better view is that paragraph 6 of the counter-claim and paragraphs 2 and 3 of the defence to counter-claim put in issue the question of what might an audit have discovered. An audit might have disclosed financial impropriety by either the Plaintiffs or the Defendants or by both and thus lend support, to one degree or another, to the case of either the Plaintiffs or the Defendants. Questions on examination for discovery as to financial matters, would thus be relevant to the facts pleaded in either the counter-claim or the defence to counter-claim. The questions as the Plaintiff now wishes to ask of Gilbert Chingee and Victor Chingee about financial matters may fairly lead to a train of inquiry that may directly or indirectly either advance the Plaintiffs' case or damage the Defendants' case and as such are relevant and must be answered. Here I would also note that the standard of propriety of questions on discovery is lower than that for admissibility of evidence at trial: the standard is the relevance of information sought as related to the pleadings, with doubt, if such exists, to be resolved in favour of answering questions: see for example *Sydney Steal Corporation v. The Omisalj* [1992] 2 F.C. 193 at 197 - 199. It may well be that a trial judge, determining band electoral custom, will not be interested in allegations of financial mismanagement, however the issue is clearly raised by the pleadings.

**15** As to the Defendants' submission that the Court, having declined to order a forensic audit, the whole issue of financial wrongdoing or mismanagement should be out of bounds, a forensic audit is a very

different thing from questions relevant on the basis of the pleadings, seeking evidence as to the actions and motives of parties in transferring assets. - 13 -

**16** The questions about the financial dealings must be answered by Gilbert Chingee and Victor Chingee, of course subject to the parties, through their counsel, abandoning portions of their pleadings in order to drop allegations of financial mismanagement and get back to the narrow central issue raised in the statement of claim, that of band custom and the propriety of the October 1997 election.

**17** Finally, dealing with further examination of Harry Chingee, on a number of documents dealing with financial transactions, which were Exhibits 5, 6, 7, to the discovery of Gilbert Chingee, it is apparent, from the transcript that the discovery of Harry Chingee was concluded, notwithstanding the Court reporter's notation of adjournment. Moreover, my understanding is that the Plaintiffs brought the present motion not prematurely, in the midst of their discovery of the Defendants, but on the basis that they had conclude discovery, subject to additional documents being produced and to outstanding questions, and were still not, in their view, satisfied as to particulars.

**18** To require Harry Chingee, whose discovery has been concluded, to answer further questions, the Plaintiffs must establish a special reason to do so. Here I have in mind Rule 235 which provides that "Except with the leave of the Court, a party may examine for discovery any adverse party only once.". This rule is a watering down of what was, until about 1990, Rule 465(19) which required special reason in an exceptional case in order to obtain further discovery. The present form of the rule, however, ought not to be interpreted so as to easily allow further discovery, once an examination has been concluded, for discovery must, at some point, come to an end. In the present instance I would deny further discovery because the material on which counsel wishes to examine was available at the time of the discovery of Harry Chingee and, with diligence, might have been to him at that time.

## SUMMARY

**19** That portion of the motion dealing with further particulars is dismissed. The Defendants, Gilbert Chingee and Victor Chingee, shall answer those questions dealing with financial matters which are set out in the motion. The Defendant Harry Chingee need not be produced for further discovery pertaining to Exhibits 5, 6 and 7 of the examination for discovery of Gilbert Chingee.

**20** This motion was well argued. The briefs of argument, documents and cases were particularly helpful. I thank counsel for being well organized.

HARGRAVE PROTHONOTARY

cp/d/plh/DRS

*Indexed as:*

**CAE Machinery Ltd. v. 29598505 Québec Inc.**

**Between**  
**CAE Machinery Ltd., plaintiff, and**  
**29598505 Québec Inc., Frédéric Debaets and Fuji Kogyo**  
**Kabushiki Kaisha, defendants**

[2000] F.C.J. No. 125

[2000] A.C.F. no 125

94 A.C.W.S. (3d) 1079

Court File No. T-730-97

Federal Court of Canada - Trial Division  
Ottawa, Ontario

**Hugessen J.**

Heard: January 20, 2000.  
Oral judgment: January 20, 2000.  
Reasons dated: January 21, 2000.

(15 paras.)

*Practice -- Discovery -- Examination -- Place of examination -- Interpreter -- Production and inspection of documents -- What documents must be produced -- Documents in possession or power of a party -- Privileged documents, documents prepared in contemplation of litigation.*

Motion by one of the defendants for production of documents by the plaintiff CAE Machinery and for an order requiring CAE to answer questions asked at the examination for discovery. The defendant requested the production of documents, which included documents in the possession of one of the other defendants, Fuji Kogyo Kabushiki Kaisha, who had a licence agreement with CAE. CAE asserted privilege over letters between itself and Fuji on the basis that they were prepared in contemplation of litigation. The moving defendant also requested that the representative from Fuji be required to answer in English and in Canada.

HELD: Motion allowed in part. CAE could not produce the documents in the possession of Fuji as Fuji was a party. The documents were compellable by a party adverse in interest and were not within the control of CAE. The questions from examination for discovery were too general to be the subject of an order for compulsion. Other documents that the defendant wanted to have produced were irrelevant. The claim for privilege by CAE was overreaching and was rejected. There was no obligation imposed upon



the individual being examined to speak in any language other than that of his choice and he was entitled to be examined where he lived.

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### **Statutes, Regulations and Rules Cited:**

Federal Court Rules, Rules 107, 223(3).

### **Counsel:**

Michael Manson, for the plaintiff.

J. Guy Potvin and Michel Chartrand, for the defendant, Copeaux.

Ron Dimock, for the defendant, Fuji.

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**1 HUGESSEN J.** (Reasons for Order, orally):-- I am going to dispose of this matter in general terms and it may be that I shall require counsel to draw an order at the conclusion of my reasons.

**2** In the first place, I am not prepared to order the plaintiff CAE to produce documents which are not in its possession but which are in the possession of the co-defendant Fuji. I do not believe that the terms of the licence agreement between Fuji and CAE have the effect of giving CAE the right to obtain the originals or copies of such documents but even if they did, the fact is that Fuji is a party and if those documents are relevant, they can and must be produced by Fuji. That being so, they are compellable at the instance of a party adverse in interest and are not within the control of CAE under Rule 223(3).

**3** With regard to virtually all of the questions which have been refused and not answered, I agree with the submissions made by plaintiff's counsel that they are cast too broadly in terms or are too general and non-specific and should not make the subject of an order for compulsion.

**4** I also agreed that it is wrong to require a witness on discovery to construe the terms of the patents in issue or to construe the terms of any prior art that may have been cited.

**5** It is further my view that the requests for document production are cast too broadly and that most of the documents sought to be produced are irrelevant. In particular, there having been a Rule 107 order in this case, it is my view that invoices and sales details with respect to the sales by plaintiff of the machines that they have manufactured under the licence of the patents in suit are not relevant.

**6** The rubric of commercial success invoked by defendants' counsel does not in my view justify so far ranging an exploration on examination for discovery. Commercial success is but one of many tests that a Court may apply in assessing the validity of a patent and it is one that is generally useful only in marginal cases. Even if commercial success was to be an issue in the ultimate trial in this action, it is my view that details of invoices, like details of the royalty terms of the licence agreement between Fuji and the plaintiff, are too remote and too marginal to be properly the subject of discoveries. There must be limits on discovery; litigation already takes far too long and there must be some restraint placed upon the excursions of counsel on what are sometimes quaintly called fishing expeditions.

**7** I further am of the view that since file wrappers estoppel is not an admissible plea in this country, questions relating to the prosecution of the patent, to patent agent files and questions relating to the prosecution of foreign patents are generally inadmissible. There may be some circumstances in which a specific question dealing with facts as to such prosecution may be admissible but the questions asked in the present case are, in my view, without exception all too broad and general to qualify.

8 I am, however, of the view that in one respect at least the present motion is well taken, namely, the claim of privilege asserted by CAE with respect to ~~16~~ correspondence passing between itself and the defendant Fuji. It is said that that correspondence is privileged because it was instituted at the request of CAE's counsel in contemplation of the pending litigation. It seems to me, however, that that claim for privilege overreaches. Certainly, I can see no basis upon which a letter received by the plaintiff CAE from the defendant Fuji in response to a letter written by the plaintiff whether or not at its counsel's request could be privileged. Nothing about the letter seems to me to enjoy privilege. Equally, I can see nothing about the letter emanating from the plaintiff CAE being privileged once it reaches the hands of the defendant Fuji. I accordingly reject the claim of privilege and will order the production of the 6 letters for which privilege was claimed under that head.

9 As far as the defendant Fuji itself is concerned, the present motion seeks that I order Fuji to name a specific person as its representative, I will not do that, the right of the defendant to name the person who will speak on its behalf on discovery is clear, I think, and the opposite party who examines has no right to require that some other person appear unless and until it is shown that the person named and proffered is incapable of answering.

10 I equally will not order that the examination be conducted in any particular language. It is my understanding that the person being proffered by Fuji is Japanese, lives in Japan and his first language is Japanese. If he prefers to testify in Japanese, that, I think is his right, and I will not impose upon him any obligation to speak in any other language.

11 Next, I have been asked to order that the examination take place here in Canada. I can see no basis for my ordering that. The person is entitled to appear and be questioned in Japan and if that involves further expenses for the party examining, so be it, this kind of litigation is expensive.

12 Now I come to the question of the request that I issue an order for the examination on Commission of the three named inventors of the patent in suit, all of them Japanese residents. As we discussed at the hearing, the evidence that the Japanese Court will comply with such a request is inadequate and at the request of counsel for the moving defendant, that motion is withdrawn with leave to reapply.

13 There is one final matter which I omitted to mention and that is that the moving defendant has also asked for leave to reexamine the representative of the plaintiff CAE. There were documents produced during the course of the original examination which were difficult for counsel to seize and to digest within the period of time that was available, there were further answers given and further documents produced as a result of undertakings following examination for discovery. It is absolutely normal in litigation of this sort that in those circumstances, a further examination for discovery should be held and I am quite prepared to order such an examination. If counsel cannot agree as to where it should be held, it should be held where the original examination took place, each party dealing with the cost of that examination on its own.

14 I said at the beginning that I would ask counsel for the plaintiff to draw an appropriate order. I will also invite parties to make submissions to me on costs of this motion. Just before hearing counsel on costs, I indicated during the course of the hearing that I would not order the defendant Fuji to, at this time, produce a supplementary affidavit of documents, simply on the basis that there is no evidence presently before the Court that there are any documents other than those listed in the present affidavit of documents. Again, I think that it is entirely possible that following examination of the Fuji representative other documents will come out and it may well be that at that time the moving defendant could obtain an order for the production of a further affidavit of documents if the documents are not themselves produced.

15 Later, as I said, I think the plaintiff CAE and the defendant Fuji have each enjoyed a very

substantial measure of success although not total success, I believe an order for costs against the moving defendant is appropriate. I think it is more appropriate<sup>17</sup> because I have to say that I found the material in support of this motion to be not as well organized as I would have liked it to be and as they normally are in cases of this sort. It is usual for counsel to group questions and refusals into categories to enable the Court to deal with them. That was not done or not completely done in this case which resulted in more work for counsel for the plaintiff and for the successful defendant Fuji. I am, however, extremely conscious that litigation of this sort is extremely expensive and I am not prepared to impose an order of costs that is unduly burdensome. In the circumstances, the moving defendant will pay costs to the plaintiff CAE in the amount of \$2,000 and to the defendant Fuji in the amount of \$1,500 forthwith. In each case there is to be added to that payment all reasonable and proper disbursements in association with this motion including proper travelling and living expenses for counsel who in one case travelled from Vancouver and the other from Toronto.

HUGESSEN J.

cp/d/qlndn